

# Legal Assistance Resource Center ❖ of Connecticut, Inc. ❖

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Testimony of Raphael L. Podolsky  
Banks Committee public hearing -- February 10, 2011

**S.B. 195 -- Centralized database of bank account information** **OPPOSE**  
**to facilitate debt collection**

This bill would establish a centralized database of bank account information "to facilitate the collection of judgments issued by Connecticut and federal courts." The bill raises serious privacy questions and may well conflict with bank privacy laws. It is also not clear who would establish this database, who would have access to it, how this sensitive private information would be collected, how it would be stored, and how its confidentiality would be protected. In addition, if this data is to be held, updated, and maintained by the state, the bill seems to divert limited state resources to enhance the state's role in collecting debts for private businesses. This should not be a high priority project for the state.

**H.B. 5892 -- Security deposit minimum interest rate** **OPPOSE**

This bill repeals the requirement that at least 1.5% interest be paid by landlords on tenant security deposits. The same proposal has already had a public hearing in the Insurance Committee as H.B. 5437. We would not oppose this proposal if landlords could not obtain a 1.5% interest rate, but we have documented the availability of such accounts at such statewide banks as TD Bank, Webster Bank, and New Alliance Bank, as well as at at least two smaller local banks. Those accounts are a market response to the statutory 1.5% minimum -- they exist as a way to attract landlord business because the state's variable interest rate has a minimum interest provision. The statute has thus created a win situation for tenants without causing harm to landlords. We are concerned that landlord lack of awareness of these accounts suggests that, contrary to the Security Deposit Act, tenant security deposits are not being escrowed. Copies of rate schedules or account descriptions for three statewide and two local banks are attached.

**H.B. 6223 -- Proof of ownership of mortgage note in foreclosure** **REVISE**

This bill attempts to address what has become a serious issue in foreclosure law. As mortgages have been bundled, securitized, sold, and resold, some lenders have been bringing foreclosure actions when they do not actually own the note and thus have no right to sue in the first place. Documenting this improper use of the courts has been difficult, because of the obscurity of the information itself, the inability of homeowners facing foreclosure to obtain skilled legal representation, and the fact that many foreclosures are, in essence, uncontested default judgments. This bill requires the foreclosing party to prove ownership of the note at the first mediation session. I suggest that the Banks Committee explore revising the bill to codify the requirement that the foreclosing party affirmatively prove to the court prior to judgment that it owned the note at the time it initiated the foreclosure action.





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## **WHY *ESCROWDIRECT*?**

***EscrowDirect*** helps business customers reduce paperwork and costs related to the time consuming process of tracking individual escrow deposits. Our EscrowDirect customers are attorneys with client trust and IOLTA/IOLA/IOTA funds, realtors, townships, homeowner associations, funeral homes, landlords, 1031 qualified intermediaries and other escrow account agents.

***EscrowDirect*** is a simplified way for customers to segregate and manage funds for others. Interest is earned under their client's tax identification number and each sub account is FDIC insured separately up to the allowable FDIC limit.

## **CONVENIENT ESCROW BANKING**

- Open & close client sub accounts via phone, fax or e-mail to specialized Escrow Operations Team
- Deposit via branch, mail or wire
- Customer initiated disbursements via check
- No cost for accounts and services



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## **BENEFITS**

-Consolidated statement that shows all sub account information by client

-Different statement sorting options (Account # order, Alphabetical order, Memo field)

-Notice Generation (Initial deposit, zero balance, quarterly statements, etc.)

-Numerous interest split options

-1099s are produced and mailed by TD Bank to each sub account holder

-Only one checkbook to maintain, ability to write checks off master disbursement checking account

-No fee for checks, deposit slips, Return Deposit Items or TD TreasuryDirect online access\*: (Free package includes: balance reporting, book transfers, stop payments, image viewing, wire transfers)

\*TD TreasuryDirect may be additional for Tenant/Landlord escrow, if needed

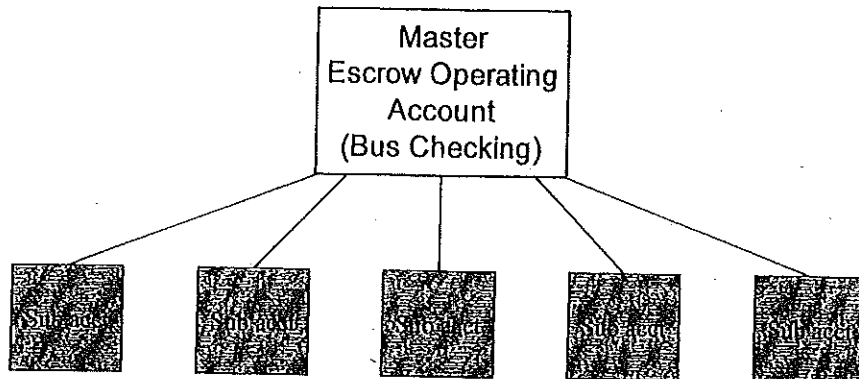
## CUSTOMER SUPPLIES

All supplies will be ordered by Cash Management at no additional charge to the customer:

- Blank or pre-printed deposit slips
- Personalized checks
- Endorsement stamp
- Transfer forms
- Pre-paid postage envelopes
- W-9 forms

## SAMPLE OF ACCOUNT LAYOUT

XYZ Properties



[illegible]



### Savings Accounts

	Balance Range	Interest Rate	Annual Percentage Yield
Statement Savings	All	0.10%	0.10%
Passbook Savings	All	0.10%	0.10%
Totally Free Savings*	All	0.10%	0.10%
Totally Free Savings**	All	0.20%	0.20%
Secured Credit Card Savings	All	0.10%	0.10%
Premier Savings	\$0 to \$9,999	0.20%	0.20%
	\$10,000 to \$24,999	0.50%	0.50%
	\$25,000 - \$49,999	0.70%	0.70%
	\$50,000 to \$99,999	0.75%	0.75%
	\$100,000 and up	0.90%	0.90%
WebsterOne Savings***	\$0 to \$9,999	0.10%	0.10%
	\$10,000 to \$24,999	0.25%	0.25%
	\$25,000 - \$49,999	0.35%	0.35%
	\$50,000 to \$99,999	0.50%	0.50%
	\$100,000 and up	0.60%	0.60%
Premium Money Market Savings	\$0 to \$9,999	0.10%	0.10%
	\$10,000 to \$24,999	0.20%	0.20%
	\$25,000 to \$49,999	0.35%	0.35%
	\$50,000 to \$99,999	0.45%	0.45%
	\$100,000 and up	0.50%	0.50%
Retirement Money Market Savings	\$0-\$9,999	0.10%	0.10%
	\$10,000 to \$24,999	0.40%	0.40%
	\$25,000 to \$49,999	0.50%	0.50%
	\$50,000 to \$99,999	0.50%	0.50%
	\$100,000 and up	0.60%	0.60%
→ Tenant Escrow Accounts	All	1.50%	1.51%

### Checking Accounts

	Balance Range	Interest Rate	Annual Percentage Yield
Webster Value Checking	All	N/A	N/A
Opportunity Checking	All	N/A	N/A
WebsterOne Relationship Checking	All	0.05%	0.05%
Premier Checking	\$0 to \$2499	0.05%	0.05%
	\$2,500 to \$9,999	0.10%	0.10%
	\$10,000 to \$24,999	0.10%	0.10%
	\$25,000 - \$49,999	0.10%	0.10%
	\$50,000 +	0.10%	0.10%

*Interest is credited and compounded monthly. Fees could reduce earnings. Minimum balance required to earn stated APY is \$0.01. Rates subject to change and may be withdrawn at any time. The APY quoted is accurate as of the Effective Date stated below.*

\* Webster checking account required or Totally Free Savings account will be converted to a Statement Savings account, which is subject to a monthly service charge of \$3 if a daily balance of \$300 is not maintained.

\*\* Available when account statement is combined with currently offered Checking account statement and set up with an automatic monthly transfer of \$25 or more from a Webster checking account.

\*\*\* WebsterOne Checking account required or WebsterOne Savings account will default to the Statement Savings Account Interest rate.

Member FDIC

Effective Date: January 12, 2011

All


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## Rates

### Deposit Rates - Rates effective 12/02/2010

All rates are subject to change without notice

#### Checking & Savings

Account	Interest Rate	Annual Percentage Yield (APY)	Minimum Opening Deposit	Compound Method
Attorney Advantage:	0.10%	0.10%	\$10.00	Daily
Gold Advantage Super Now:			\$25.00	Daily
<i>Daily Balance of:</i>				
\$0.01 - \$999.99	0.00%	0.00%		
\$1,000.00 - \$9,999.99	0.03%	0.03%		
\$10,000.00 - \$24,999.99	0.05%	0.05%		
\$25,000.00 - \$49,999.99	0.07%	0.07%		
\$50,000.00 and up	0.09%	0.09%		
Health Savings Account:			\$25.00	Daily
<i>Daily Balance of:</i>				
\$0.01 - \$2,499.99	0.40%	0.40%		
\$2,500.00 - \$4,999.99	0.50%	0.50%		
\$5,000.00 - \$14,999.99	0.60%	0.60%		
\$15,000.00 and up	0.65%	0.65%		
Money Market (Personal & Business):			\$25.00	Daily
<i>Daily Balance of:</i>				
\$0.00 - \$4,999.99	0.00%	0.00%		
\$5,000.00 - \$49,999.99	0.25%	0.25%		
\$50,000.00 - \$249,999.99	0.45%	0.45%		
\$250,000.00 and up	0.65%	0.65%		
Business Savings:	0.10%	0.10%	\$10.00	Daily
Custodial Savings:	0.20%	0.20%	\$10.00	Daily
Personal Savings:	0.10%	0.10%	\$10.00	Daily
Tenant Security Savings:	1.50%	1.51%	\$10.00	Daily

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Supplement to  
Disclosure Handbook

Schedule of Business Deposit  
Account Rates

Effective January 24, 2011

Type of Account	Minimum Deposit	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY
<b>Commercial Checking Accounts</b>											
Commercial Checking (with Earnings Credit)	\$ 50	0.60	n/a								
<b>Business Checking Accounts</b>											
Business Checking with Interest	\$ 50	0.10	0.10								
<b>Business Savings Accounts</b>											
Business Passbook Savings	\$ 50	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Business Statement Savings	\$ 50	0.30	0.30	0.30	0.30	0.40	0.40	0.40	0.40	0.40	0.40
Something Extra Free Business Statement Savings	\$ 50	0.30	0.30	0.30	0.30	0.40	0.40	0.40	0.40	0.40	0.40
Business Tenant Escrow Account*	\$ 50	1.50	1.51	1.50	1.51	1.50	1.51	1.50	1.51	1.50	1.51
Commercial Tenant Escrow Account*	\$ 50	1.50	1.51	1.50	1.51	1.50	1.51	1.50	1.51	1.50	1.51
<b>Business Money Market Accounts</b>											
Business Money Market	\$ 2,500	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
<b>Premium Business Money Market Account</b>											
Premium Business Money Market	\$ 5,000	0.50	0.50	0.60	0.60	0.75	0.75	0.75	0.75	0.75	0.75

Term	Minimum Deposit	Relationship CDs			Non-Relationship CDs		
		Product Offered	Interest Rate	APY	Product Offered	Interest Rate	APY
3 Month	\$ 1,000	n/a	n/a	n/a		0.25	0.25
4 Month	\$ 1,000	n/a	n/a	n/a		0.25	0.25
6 Month	\$ 1,000	n/a	n/a	n/a		0.25	0.25
7 Month	\$ 1,000	n/a	n/a	n/a		0.25	0.25
9 Month	\$ 1,000	n/a	n/a	n/a		0.25	0.25
10 Month	\$ 1,000	n/a	n/a	n/a		0.25	0.25
11 Month	\$ 1,000	n/a	n/a	n/a		0.30	0.30
12 Month	\$ 1,000	n/a	n/a	n/a		0.30	0.30
13 Month	\$ 1,000	n/a	n/a	n/a		0.30	0.30
15 Month	\$ 1,000	n/a	n/a	n/a		0.65	0.65
18 Month	\$ 1,000	n/a	n/a	n/a		0.75	0.75
2 Years	\$ 1,000	n/a	n/a	n/a		1.84	1.85
3 Years	\$ 1,000	n/a	n/a	n/a		2.47	2.50
5 Years	\$ 1,000	n/a	n/a	n/a			
<b>Business CDs</b>							
Business Retirement	\$ 500	n/a	n/a	n/a		0.18	0.18
<b>Money CDs</b>							
7 Days to 365 Days	\$100,000	n/a	n/a	n/a		Rates Change Daily	Rates Change Daily
<b>Other CDs (See "Requirements")</b>							
10th Negotiated CD***	\$ 1,000						

Customer Information
rates set by State of Connecticut.
Maximum balance of \$1,000,000.
APY is defined as Annual Percentage Yield and rates are effective as of date listed above.
*Qualified Negotiated CDs at maturity automatically renew to the 6 Month Relationship CD product type.
Checking, Savings and Money Market account APYs may change at any time. Fees may reduce earnings on account.
APYs assume funds will stay on deposit until maturity. Early withdrawal could result in fees/penalties which could reduce earnings on the account.
For more information, please call our Customer Contact Center at 800-692-2096, 203-789-2767 or 860-645-2103.
FDIC



NewAlliance Bank



# Thomaston Savings Bank

MEMBER FDIC

## DEPOSIT RATES EFFECTIVE AS OF - January 19, 2011

The interest rate and annual percentage yield (APY) on the variable rate accounts listed below may change, at the Bank's discretion, after the account is opened.

VARIABLE RATE ACCOUNTS		Minimum \$ to Open	Minimum \$ to earn APY	Interest	APY
• Statement Savings		25.00	5.00	.25%	.25%
• Passbook Savings		25.00	5.00	.15%	.15%
• Tenant Security Passbook Savings		25.00	5.00	1.50%	1.51%
• Money Market Statement Savings		2,500.00	50,000.00	.70%	.70%
0% interest earned on balances under \$1000.00			10,000.00	.40%	.40%
			2,500.00	.20%	.20%
			1,000.00	.10%	.10%
• Money Market Passbook Savings		2,500.00	50,000.00	.60%	.60%
0% interest earned on balances under \$1000.00			10,000.00	.30%	.30%
			2,500.00	.15%	.15%
			1,000.00	.10%	.10%
• Relationship Statement Savings <sup>2</sup>		15,000.00	50,000.00	1.00%	1.01%
0% interest earned on balances under \$1000.00			15,000.00	.75%	.75%
			1,000.00	.30%	.30%
• Bonus Checking (NOW account)		25.00	10,000.00	.25%	.25%
0% interest earned on balances under \$500.00			5,000.00	.25%	.25%
• Health Savings Account		0.00	50,000.00	1.00%	1.01%
			5,000.00	.75%	.75%
			0.00	.50%	.50%
• 18 Month Variable Rate Certificate <sup>1</sup>		25.00	25.00	1.00%	1.01%
FIXED RATE CERTIFICATES OF DEPOSIT <sup>1</sup>					
• 91 Day		1,000.00	1,000.00	.40%	.40%
• 6 Month		1,000.00	1,000.00	.45%	.45%
• 9 Month		1,000.00	1,000.00	.60%	.60%
• 12 Month		1,000.00	1,000.00	.75%	.75%
• 13 Month		1,000.00	1,000.00	.85%	.85%
• 16 Month		1,000.00	1,000.00	1.00%	1.01%
• 18 Month		1,000.00	1,000.00	1.00%	1.01%
• 24 Month		1,000.00	1,000.00	1.24%	1.25%
• 30 Month		1,000.00	1,000.00	1.34%	1.35%
• 3 Year		1,000.00	1,000.00	1.73%	1.75%
• 4 Year		1,000.00	1,000.00	1.98%	2.00%
• 5 Year		1,000.00	1,000.00	2.47%	2.50%
JUMBO FIXED RATE CERTIFICATES OF DEPOSIT <sup>1</sup>					
• 91 Day Jumbo		100,000.00	100,000.00	.45%	.45%
• 6 Month Jumbo		100,000.00	100,000.00	.50%	.50%
• 9 Month Jumbo		100,000.00	100,000.00	.65%	.65%
• 12 Month Jumbo		100,000.00	100,000.00	.80%	.80%
• 13 Month Jumbo		100,000.00	100,000.00	.90%	.90%
• 16 Month Jumbo		100,000.00	100,000.00	1.05%	1.06%
• 18 Month Jumbo		100,000.00	100,000.00	1.05%	1.06%
• 24 Month Jumbo		100,000.00	100,000.00	1.29%	1.30%
• 30 Month Jumbo		100,000.00	100,000.00	1.39%	1.40%
• 3 Year Jumbo		100,000.00	100,000.00	1.78%	1.80%
• 4 Year Jumbo		100,000.00	100,000.00	2.03%	2.05%
• 5 Year Jumbo		100,000.00	100,000.00	2.52%	2.55%

Withdrawals and fees may reduce earnings. Interest is credited to the account on the second to the last day of each month. <sup>1</sup>A penalty may be imposed for withdrawal of principal prior to maturity from certificate accounts. The APY assumes that interest remains on deposit until maturity. <sup>2</sup>Relationship Checking account required. Refer to deposit contract or see a bank representative for specific terms.